(b) The Empowered Committee of State Finance Ministers, which is a representative body of all States, has finalized lists of commodities to be taxed under various rates. It has been decided by the Empowered Committee that under the exempted category there will be about 46 commodities comprising natural & unprocessed products, items which are legally barred from taxation and items which have social implications. Gold, silver, bullion and precious stones shall attract 1% rate of VAT. Under 4% VAT category, about 270 commodities will be there, comparising items of basic necessities, all agricultural and industrial inputs, capital goods and declared goods. The remaining commodities shall fall under the general rate of VAT of 12.5%.

(c) Although uniformity in rates of tax under the VAT System across the country is desirable, the question of advising the State Governments to maintain uniformity particularly for items under 4% and exempted category does not arise as VAT is a State Subject.

Opening of branches of NABARD in Tamil Nadu

3474. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is proposed to set up office/branch of NABARD in various cities in Tamil Nadu;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) NABARD has opened its residence-cum-office of District Development Manager (DDM) in the following 21 districts in Tamil Nadu. In the remaining districts, it is proposed to open residence-cum-office of DDM in **a** phased manner.

1. Kancheepuram
2. Ramanathapuram
3. Vellore
4. Nagapattinam
5. Dharmapuri
6. Cuddalore
7. Dindigul
8. Tiruneveli
9. Coimbatore 10.

Salem

11. Pudukottai
12. Thanjavur
13. Kanyakumari
14. Tiruchirapalli
15. Theni
16. Tuticorin
17. Madurai
18. Sivaganga
19. Virudhunagar
20. Tiruvarmamalai
21. Villupuram

World Bank report on Fiscal Reforms

3475. SHRI B.J. PANDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the world Bank in their report 'State Fiscal Reforms in India' has outlined certain measures to prevent serious fiscal deficit;

(b) if so, the details thereof; and

(c) the details of recommendations made in this report for poverty eradication?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, sir.

(b) The focus of the report is on fiscal reforms needed to increase the development effectiveness at the State level. The keys areas deliberated in the report are (i) reducing deficits which have grown to unsustainable levels; (ii) restructuring expenditure to increase expenditures in productive areas, and reduce them in less productive areas; (iii) undertaking far-reaching expenditure management reforms to improve the quality of expenditures; and (iv) implementing comprehensive revenue reforms and mobilization.

(c) There are no direct recommendations in the report on proverty eradication. The basic thrust of the report is on fiscal reforms needed to make the States more effective in stimulating economic growth and therefore the promote human development.